FY 2012-13 BUDGET

BUDGET SECTION SUMMARY

Section Title: **SOUTH PARK COUNTY SANITATION DISTRICT**

A. Program Description

This budget finances administration of a collection system and pumping stations which serve the South Park area. Raw sewage is transported to the City of Santa Rosa for treatment and disposal. Treatment and disposal are covered by an agreement between the two entities.

B. Financial Summary

	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
Section	FY 11-12 Adopted	FY 12-13 Requested	Percent Change	FY 11-12 Adopted	FY 12-13 Requested	Percent Change
Operations	$3,000,996	$4,549,809	51.61%	($183,169)	$1,305,955	(812.98%)
Revenue Bonds	$144,996	$140,809	(2.89%)	($125,000)	($125,000)	0.00%
Construction	4,603,792	928,000	(79.84%)	3,147,466	(575,300)	(118.28%)
TOTAL:	$7,749,784	$5,618,618	(27.50%)	$2,839,297	$605,655	(78.67%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 10-11 Actual	FY 11-12 Budget Estimate	FY 11-12 Revised Estimate	FY 12-13 Projected	Change from FY 11-12 Budget Estimate
TOTAL ESDs	4,008	4,008	3,986	3,990	(0.45%)
TOTAL APNs	2,224	2,224	2,215	2,224	0.00%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 12-13 annual service charges is $810, representing a 2.0% increase from FY 11-12. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 11-12 budget. This revenue change is due to the rate increase.

The South Park County Sanitation District (South Park CSD) provides service to the South Park area using a gravity collection system and lift station at Todd Road. Wastewater from South Park CSD is treated and disposed of by the City of Santa Rosa at the Laguna Subregional Treatment Plant on Llano Road. In July of 1996, the City of Santa Rosa (under contract) accepted responsibility for the operation and routine maintenance of the collection system.

An agreement for transfer of responsibility to the City of Santa Rosa of collection system operation and maintenance, and subsequent dissolution of the South Park CSD, was finalized in February of 1996 and amended. This agreement includes a provision that the South Park CSD will be dissolved and transferred to the City of Santa Rosa no later than June 30, 2011. The agreement also requires the South Park CSD to replace, slip-line, or repair 41,610 feet of the collection system and upgrade the Todd Road lift station before transfer of the South Park CSD to the City of Santa Rosa. This agreement is expected to be amended again to allow sufficient time for South Park CSD to complete work on the collection system.

South Park CSD is planning to replace three sections of the collection system between FY 11-12 and FY 14-15. Projects identified include: Gloria-Meekland Court and Blackwell Tract. The collection system projects identified above, along with previously completed projects or projects currently underway, will fulfill South Park CSD's responsibilities as required in the dissolution agreement with the City of Santa Rosa. The South Park CSD issued $3.1 million in revenue bonds in FY 00-01 to enable it to meet its capital replacement obligations along with the HVOC remediation costs explained below.

On December 22, 1998 the NCRWQCB released a draft Cleanup and Abatement Order (CAO) for halogenated volatile organic compounds (HVOCs) found in soil and groundwater in the vicinity of Sebastopol Road and West Avenue in the South Park CSD service area. The draft CAO specified that HVOCs found in the soil and groundwater are the result of the discharge of these chemicals from dry cleaning operations into the South Park CSD collection system. The draft CAO further specifies that the HVOCs subsequently leaked from the collection system to adjacent soil and groundwater. Potential costs for investigation, remediation, and legal work related to the draft CAO are substantial ($2-10 million). In FY 99-00, South Park CSD received a $500,000 loan from the County of Sonoma General Fund to assist in the first phase of the Plan of Action for HVOC Investigation and Mitigation which South Park CSD has repaid as of FY 04-05. The South Park CSD, County of Sonoma, and the NCRWQCB continue to work cooperatively to deal with this issue.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2012-13 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SOUTH PARK CSD - OPERATIONS

Section/Index No: 654103

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
REVENUES:				
TAXES				
1001 Flat Charges - CY	$3,043,751	$3,090,944	$47,193	1.55%
1061 Flat Charges - PY	60,000	65,000	5,000	8.33%
1120 Penalties / Costs on Taxes	14,000	14,000	0	0.00%
Subtotal Taxes	**$3,117,751**	**$3,169,944**	**$52,193**	**1.67%**
USE OF MONEY				
1700 Interest on Pooled Cash	$4,950	$11,550	$6,600	133.33%
Subtotal Use of Money	**$4,950**	**$11,550**	**$6,600**	**133.33%**
CHARGES FOR SERVICES				
3400 Sanitation Services	$44,464	$45,360	$896	2.02%
Subtotal Charges for Services	**$44,464**	**$45,360**	**$896**	**2.02%**
MISCELLANEOUS REVENUE				
4115 Santa Rosa Rebate	$17,000	$17,000	$0	0.00%
Subtotal Miscellaneous Revenue	**$17,000**	**$17,000**	**$0**	**0.00%**
ADMINISTRATIVE CONTROL ACCOUNT				
4200 ENT - LTD Proceeds	$0	$0	$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Admin. Control Account	**$0**	**$0**	**$0**	**N/A**
TOTAL REVENUES	**$3,184,165**	**$3,243,854**	**$59,689**	**1.87%**
EXPENDITURES:				
SERVICES AND SUPPLIES				
6430 Printing Services	$0	$2,000	$2,000	N/A
6516 Data Processing Services	0	2,000	2,000	N/A
6521 County Services	1,000	3,000	2,000	200.00%
6522 District Services	3,000	0	(3,000)	(100.00%)
6523 District Operations	80,000	30,000	(50,000)	(62.50%)
6540 Contract Services	500,000	500,000	0	0.00%
6570 Consultant Services	10,000	10,000	0	0.00%
6573 Administration Costs	27,000	27,000	0	0.00%
6610 Legal Services	25,000	10,000	(15,000)	(60.00%)
6630 Audit / Accounting Services	15,000	15,000	0	0.00%

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
SERVICES AND SUPPLIES (cont'd)				
7000 Special Departmental Expense	50,000	50,000	0	0.00%
7206 Equipment Usage Charge	1,000	1,000	0	0.00%
7217 State Permits / Fees	2,000	2,000	0	0.00%
7247 Water Conservation	10,000	15,000	5,000	50.00%
Subtotal Services and Supplies	**$724,000**	**$667,000**	**($57,000)**	**(7.87%)**
OTHER CHARGES				
7930 Interest-L.T. Debt	$0	$0	$0	N/A
7961 Sewer Capacity Rights	1,700,000	1,750,000	50,000	2.94%
7980 Depreciation	282,000	342,000	60,000	21.28%
Subtotal Other Charges	**$1,982,000**	**$2,092,000**	**$110,000**	**5.55%**
FIXED ASSETS				
9480 Intangible Assets	$5,000	$5,000	$0	0.00%
Subtotal Fixed Assets	**$5,000**	**$5,000**	**$0**	**0.00%**
OTHER FINANCING USES				
8625 OT - W/in Special Dist - BOS	$269,996	$1,765,809	$1,495,813	554.01%
Subtotal Other Financing Uses	**$269,996**	**$1,765,809**	**$1,495,813**	**554.01%**
APPROPRIATIONS FOR CONT				
9000 Approp for Contingencies	$20,000	$20,000	$0	0.00%
Subtotal Approp for Contingencies	**$20,000**	**$20,000**	**$0**	**0.00%**
ADMINISTRATIVE CONTROL ACCOUNT				
9200 Ent - Principal	$0	$0	$0	N/A
9209 Ent - Principal Clearing	0	0	0	N/A
Subtotal Administrative Control	**$0**	**$0**	**$0**	**N/A**
TOTAL EXPENDITURES	**$3,000,996**	**$4,549,809**	**$1,548,813**	**51.61%**
TOTAL NET COST *(Expenditures Minus Revenues)*	**($183,169)**	**$1,305,955**	**$1,489,124**	**(812.98%)**

FY 2012-13 BUDGET

CHARACTER JUSTIFICATION

Department - Division: **Sonoma County Water Agency - Sanitation**

Section Title: **South Park CSD - Operations**

Character Title: **Taxes** **Character No.:** **654103-10**

1001 Flat Charges - CY

ESDs times annual rate:	3,934 x $810		$3,186,540
Less Estimated Delinquency Factor:	3%		(95,596)
			$3,090,944

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY
This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties/Costs on Taxes
This item records penalties paid on delinquent sewer service charges.

Character Title: **Use of Money** **Character No.:** **654103-17**

1700 Interest on Pooled Cash

Estimated Average Cash Balance	$2,100,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	$11,550

Character Title: **Charges for Services** **Character No.:** **654103-30**

3400 Sanitation Services

ESDs x Annual Charge	56 x $810	=	$45,360

Character Title: **Miscellaneous Revenue** **Character No.:** **654103-40**

4115 Santa Rosa Rebate

Character Title: **Administrative Control Account** **Character No.:** **654103-42**

4200 ENT-LTD Proceeds
No Long Term Debt proceeds are anticipated in FY 12-13.

4209 ENT-LTD Proceeds - Clearing
This is the clearing account for sub-object 4200.

Character Title: **Services and Supplies** **Character No.:** **654103-60**

6430 Printing Services
This item is requested to cover the costs of printing services, which are primarily furnished by the County Reprographics Department.

6516 Data Processing Services
This request covers the costs of various data processing supplies and services.

6521 County Services
This item records the expense for special district accounting services.

6522 District Services
This records the service and supply type items associated with operations and maintenance of the District's facilities.

6523 District Operations

6540 Contract Services
This account records the cost of collection system maintenance paid to the City of Santa Rosa.

6570 Consultant Services
This account records the costs of miscellaneous services provided by outside consultant.

6573 Administration Costs

6610 Legal Services

6630 Audit / Accounting Services

Character Title: **Services and Supplies (cont'd)** **Character No.:** **654103-60**

7000 Special Departmental Expense

These costs are for legal counsel to provide legal advice and assistance in advancing a regional solution to the Roseland Area HVOC plume investigation and remediation, as well as management and administrative time associated with the groundwater clean-up efforts.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7217 State Permits / Fees

7247 Water Conservation

This account records the cost of the Water Conservation Program.

Character Title: **Other Charges** **Character No.:** **654103-75**

7961 Sewer Capacity Rights

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: **Fixed Assets** **Character No.:** **654103-85**

9480 Intangible Assets

This account records sewer easement dedications.

Character Title: **Other Financing Uses** **Character No.:** **654103-86**

8625 OT - W/in Special Dist - BOS

Character Title: **Appropriations for Contingencies** **Character No.:** **654103-90**

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title: **Administrative Control Account** **Character No.:** **654103-92**

9200 Ent - Principal

There are no planned principal payment in FY 12-13.

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2012-13 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: **Sonoma County Water Agency - Sanitation**
Section: **South Park CSD - Operations**
Index No.: **654103**

DESCRIPTION OF FUND ACTIVITY	Actual FY 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved *BEGINNING* Retained Earnings			
Available for Budgeting (See Detailed Components Below)	**$4,886,153**	**$5,639,336**	**$3,224,194**
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	3,088,349	3,227,723	3,243,854
Expenditures - (Decrease) retained earnings	(2,616,591)	(5,924,813)	(4,549,809)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	471,758	(2,697,090)	(1,305,955)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	281,948	281,948	342,000
Change In Encumbrances	(524)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	281,424	281,948	342,000
Undesignated/Unreserved *ENDING* *Retained Earnings*			
Available for Budgeting	**$5,639,336**	**$3,224,194**	**$2,260,239**
Total Increase/(Decrease) in Retained Earnings for Fiscal Year			
(Difference between Beginning and Ending Balance)	**$753,183**	**($2,415,142)**	**($963,955)**

Retained Earnings Components at Beginning of FY	7/1/10	7/1/11
Cash	$4,747,917	$5,510,205
Other Receivables	321,327	312,601
Vouchers Payable	(1,567)	(1,422)
Encumbrances	(181,524)	(182,048)
Total Beginning Retained Earnings	$4,886,153	$5,639,336

FY 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SOUTH PARK CSD - 2000 REVENUE BONDS

Section/Index No: 654202

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
REVENUES:				
USE OF MONEY				
1700 Interest on Pooled Cash	$0	$0	$0	N/A
Subtotal Use of Money	**$0**	**$0**	**$0**	**N/A**
OTHER FINANCING SOURCES				
4625 OT - W/in Special Dist - BOS	$269,996	$265,809	($4,187)	(1.55%)
Subtotal Other Financing Sources	**$269,996**	**$265,809**	**($4,187)**	**(1.55%)**
TOTAL REVENUES	**$269,996**	**$265,809**	**($4,187)**	**(1.55%)**
EXPENDITURES:				
SERVICES & SUPPLIES				
6635 Fiscal Agent Fees	$10,000	$10,000	$0	0.00%
6640 Debt Issuance Cost	4,376	4,376	0	0.00%
Subtotal Services & Supplies	**$14,376**	**$14,376**	**$0**	**0.00%**
OTHER CHARGES				
7920 Interest	$130,620	$126,433	($4,187)	(3.21%)
Subtotal Fixed Assets	**$130,620**	**$126,433**	**($4,187)**	**(3.21%)**
OTHER FINANCING USES				
8625 OT-Within SP Dist-BOS	$0	$0	$0	N/A
Subtotal Other Financing Uses	**$0**	**$0**	**$0**	**N/A**
ADMIN CONTROL				
9200 ENT - Principal	$125,000	$125,000	$0	0.00%
9209 ENT - Principal Clearing	(125,000)	(125,000)	0	0.00%
Subtotal Admin Control	**$0**	**$0**	**$0**	**N/A**
TOTAL EXPENSES	**$144,996**	**$140,809**	**($4,187)**	**(2.89%)**
TOTAL NET COST *(Expenses Minus Revenues)*	**($125,000)**	**($125,000)**	**$0**	**0.00%**

FY 2012-13 BUDGET

CHARACTER JUSTIFICATION

Department - Division: **Sonoma County Water Agency - Sanitation**

Section Title: **South Park CSD - 2000 Revenue Bonds**

Character Title: **Use of Money** **Character No.:** **654202-17**

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	$0
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	$0

Character Title: **Other Financing Sources** **Character No.:** **654202-46**

4625 OT - Within Sp District

This account will record the operating transfer from the Operations Fund necessary to meet the annual debt service requirements for the bonds.

Character Title: **Services and Supplies** **Character No.:** **654202-60**

6635 Fiscal Agent Fees

This account records the annual administrative fees from the trustee for the 2005 Revenue Bonds.

6640 Debt Issuance Costs

This account records the amortized costs associated with the issuance of the 2005 Revenue Bonds. This is an annual expense that will be recorded throughout the life of the bonds. Although this is a non-cash transaction, appropriations are necessary to record the expense.

Character Title: **Other Charges** **Character No.:** **654202-75**

7920 Interest

This account reflects the interest expense of the refunded 2005 Revenue Bonds. Interest Serial Bond range from 2.6% to 5.0%.

Character Title: **Other Financing Uses** **Character No.:** **654202-86**

8625 OT - Within Sp Dist

This account reflects the transfer of funds to the Construction Fund to finance the Capital Replacement Program. There is no planned transfer for FY 12-13.

9200 Ent - Principal

This account reflects the principal payment for the 2005 Revenue Bonds issued in early FY 05-06 to finance the Capital Replacement Program. Payments began in October 2006 and will continue until October 2026.

Original Issue	$3,250,000
Total FY 05-06 through FY 10-11 Principal Payments:	(560,000)
FY 11-12 Principal Payment:	(125,000)
Outstanding Loan Amount	$2,565,000

9219 Ent - Principal

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2012-13 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: **Sonoma County Water Agency - Sanitation**
Section: **South Park CSD - 2000 Revenue Bonds**
Index No.: **654202**

DESCRIPTION OF FUND ACTIVITY	Actual FY 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved *BEGINNING* Retained Earnings			
Available for Budgeting (See Detailed Components Below)	**($52,029)**	**($30,256)**	**($9,891)**
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	269,610	271,648	265,809
Expenditures - (Decrease) retained earnings	(138,298)	(144,996)	(140,809)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	131,312	126,652	125,000
Adjustments to Reserves/Encumbrances:			
Amortization of Debt Issuance Costs	4,376	4,376	4,376
Amortization of Bond Refunding	14,337	14,337	14,337
Increase in Matured Bonds Payable	(5,000)	-	-
Amortization of Bond Premium	(3,252)	-	-
9200 Ent Principal	(120,000)	(125,000)	(125,000)
Net Adjustment - Inc/(Dec) to Retained Earnings	(109,539)	(106,287)	(106,287)
Undesignated/Unreserved *ENDING* Retained Earnings			
Available for Budgeting	**($30,256)**	**($9,891)**	**$8,822**
Total Increase/(Decrease) in Retained Earnings for Fiscal Year			
(Difference between Beginning and Ending Balance)	**$21,773**	**$20,365**	**$18,713**

Retained Earnings Components at Beginning of FY	**7/1/10**	**7/1/11**
Cash	$197,522	$223,335
Cash with Trustee	-	-
Cash Restricted for Debt Services	(99,005)	(99,005)
Interest Payable	(30,546)	(29,586)
Matured Bonds Payable	(120,000)	(125,000)
Total Beginning Retained Earnings	($52,029)	($30,256)

FY 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SOUTH PARK CSD - CONSTRUCTION

Section/Index No: 654301

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
REVENUES:				
USE OF MONEY				
1700 Interest on Pooled Cash	$248	$3,300	$3,052	1230.65%
Subtotal Use of Money	**$248**	**$3,300**	**$3,052**	**1230.65%**
MISCELLANEOUS REVENUE				
4102 Donations/Reimbursements	$1,456,078	$0	($1,456,078)	(100.00%)
4303 State Grants	0	0	0	N/A
Subtotal Miscellaneous Revenue	**$1,456,078**	**$0**	**($1,456,078)**	**(100.00%)**
OTHER FINANCING SOURCES				
4625 OT - W/in Special Dist - BOS	$0	$1,500,000	$1,500,000	N/A
Subtotal Other Financing Sources	**$0**	**$1,500,000**	**$1,500,000**	**100.00%**
TOTAL REVENUES	**$1,456,326**	**$1,503,300**	**$46,974**	**3.23%**
EXPENDITURES:				
FIXED ASSETS				
8510 Building / Improvement	$0	$0	$0	N/A
9142 Capital Replacement Program	4,603,792	928,000	(3,675,792)	(79.84%)
Subtotal Fixed Assets	**$4,603,792**	**$928,000**	**($3,675,792)**	**(79.84%)**
TOTAL EXPENDITURES	**$4,603,792**	**$928,000**	**($3,675,792)**	**(79.84%)**
TOTAL NET COST *(Expenditures Minus Revenues)*	**$3,147,466**	**($575,300)**	**($3,722,766)**	**118.28%**

FY 2012-13 BUDGET
CHARACTER JUSTIFICATION

Department - Division: **Sonoma County Water Agency - Sanitation**

Section Title: **South Park CSD - Construction**

Character Title: **Use of Money** **Character No.:** **654301-17**

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	$600,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	$3,300

The fund balance remaining in the Construction Fund is expected to be reduced as a result of work required to be completed prior to dissolution of the District.

Character Title: **Miscellaneous Revenue** **Character No.:** **654301-40**

4102 Donations/Reimbursements

No donations/reimbursements are anticipated in FY 12-13.

4303 State Grants

No grants are anticipated for FY 12-13.

Character Title: **Other Financing Sources** **Character No.:** **654301-46**

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program.

Character Title: **Fixed Assets** **Character No.:** **654301-85**

8510 Buildings / Improvements

No further projects are planned for this District prior to the scheduled dissolution.

9142 Capital Replacement Program

Collection system replacement projects are planned for the following areas in FY 12-13:

	PCAS No.	Amount
Gloria Meekland Collection System Replacement	7435	$228,000
This project consists of the replacement of a total of approximately 6,000 feet of pipe.		
East Robles Collection System Replacement	TBD	250,000
This project consist of the replacement of approximately 3,000 feet of pipe. Funding will be used for design, CEQA and permitting.		
West Robles Collection System Replacement	TBD	450,000
This project consist of the replacement of approximately 500 feet of pipe. Funding will be used for design, CEQA, permitting, construction and contract administration.		
Grand Total-Character 85		**$928,000**

FY 2012-13 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department Sonoma County Water Agency - Sanitation
Section: South Park CSD - Construction
Index No.: 654301

DESCRIPTION OF FUND ACTIVITY	Actual FY 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved *BEGINNING* Retained Earnings			
Available for Budgeting (See Detailed Components Below)	**$2,865,002**	**$558,864**	**$97,738**
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	19,676	4,827,330	1,503,300
Expenditures - (Decrease) retained earnings	(581,076)	(5,288,456)	(928,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(561,400)	(461,126)	575,300
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	(1,708,240)	-	-
Capitalized Interest	(36,498)	-	-
Net Adjustment - Inc/(Dec) to Retained Earnings	(1,744,738)	-	-
Undesignated/Unreserved *ENDING* Retained Earnings			
Available for Budgeting	**$558,864**	**$97,738**	**$673,038**
Total Increase/(Decrease) in Retained Earnings for Fiscal Year			
(Difference between Beginning and Ending Balance)	**($2,306,138)**	**($461,126)**	**$575,300**

Retained Earnings Components at Beginning of FY	7/1/10	7/1/11
Cash	$2,865,668	$2,398,959
Accounts Payable	(666)	(112,888)
Retention Payable	-	(18,967)
Encumbrance	-	(1,708,240)
Total Beginning Retained Earnings	$2,865,002	$558,864